

IC 6-1.1-21.2

Chapter 21.2. Tax Increment Replacement

IC 6-1.1-21.2-1

Application of chapter

Sec. 1. (a) This chapter applies to an allocation area established prior to January 1, 2003.

(b) This chapter does not apply to the portion of an allocation area described under subsection (a) that is expanded after December 31, 2002.

As added by P.L.192-2002(ss), SEC.44.

IC 6-1.1-21.2-2

Applicability of definitions in IC 36

Sec. 2. Except as otherwise provided, the definitions in IC 36 apply throughout this chapter.

As added by P.L.192-2002(ss), SEC.44.

IC 6-1.1-21.2-3

"Allocation area" defined

Sec. 3. As used in this chapter, "allocation area" refers to an area that is established under the authority of any of the following statutes and in which tax increment revenues are collected:

- (1) IC 8-22-3.5.
- (2) IC 36-7-14.
- (3) IC 36-7-14.5.
- (4) IC 36-7-15.1.
- (5) IC 36-7-30.

As added by P.L.192-2002(ss), SEC.44.

IC 6-1.1-21.2-4

"Based assessed value" defined

Sec. 4. As used in this chapter, "base assessed value" means the base assessed value as that term is defined or used in:

- (1) IC 8-22-3.5-9(a);
- (2) IC 36-7-14-39(a);
- (3) IC 36-7-14-39.3(c);
- (4) IC 36-7-14.5-12.5;
- (5) IC 36-7-15.1-26(a);
- (6) IC 36-7-15.1-26.2(c);
- (7) IC 36-7-15.1-35(a);
- (8) IC 36-7-15.1-53;
- (9) IC 36-7-15.1-55(c);
- (10) IC 36-7-30-25(a)(2); or
- (11) IC 36-7-30-26(c).

As added by P.L.192-2002(ss), SEC.44. Amended by P.L.1-2003, SEC.27.

IC 6-1.1-21.2-5

"District" defined

Sec. 5. As used in this chapter, "district" refers to:

- (1) an eligible entity, as defined in IC 8-22-3.5-2.5;
- (2) a redevelopment district, for an allocation area established under:
 - (A) IC 36-7-14; or
 - (B) IC 36-7-15.1; or
- (3) a special taxing district, as described in:
 - (A) IC 36-7-14.5-12.5(d); or
 - (B) IC 36-7-30-3(b).

As added by P.L.192-2002(ss), SEC.44.

IC 6-1.1-21.2-6

"Governing body" defined

Sec. 6. As used in this chapter, "governing body" means the following:

- (1) For an allocation area created under IC 8-22-3.5, the commission (as defined in IC 8-22-3.5-2).
- (2) For an allocation area created under IC 36-7-14, the redevelopment commission.
- (3) For an allocation area created under IC 36-7-14.5, the redevelopment authority.
- (4) For an allocation area created under IC 36-7-15.1, the metropolitan development commission.
- (5) For an allocation area created under IC 36-7-30, the military base reuse authority.

As added by P.L.192-2002(ss), SEC.44.

IC 6-1.1-21.2-7

"Property taxes" defined

Sec. 7. As used in this chapter, "property taxes" means:

- (1) property taxes, as defined in:
 - (A) IC 36-7-14-39(a);
 - (B) IC 36-7-14-39.3(c);
 - (C) IC 36-7-15.1-26(a);
 - (D) IC 36-7-15.1-26.2(c);
 - (E) IC 36-7-15.1-53(a);
 - (F) IC 36-7-15.1-55(c);
 - (G) IC 36-7-30-25(a)(3); or
 - (H) IC 36-7-30-26(c); or
- (2) for allocation areas created under IC 8-22-3.5, the taxes assessed on taxable tangible property in the allocation area.

As added by P.L.192-2002(ss), SEC.44.

IC 6-1.1-21.2-8

"Special fund" defined

Sec. 8. As used in this chapter, "special fund" means:

- (1) the special funds referred to in IC 8-22-3.5-9(e);
- (2) the allocation fund referred to in IC 36-7-14-39(b)(2);
- (3) the allocation fund referred to in IC 36-7-14.5-12.5(d);
- (4) the special fund referred to in IC 36-7-15.1-26(b)(2);

- (5) the special fund referred to in IC 36-7-15.1-53(b)(2); or
- (6) the allocation fund referred to in IC 36-7-30-25(b)(2).

As added by P.L.192-2002(ss), SEC.44.

IC 6-1.1-21.2-9

"Tax increment replacement amount" defined

Sec. 9. As used in this chapter, "tax increment replacement amount" means the tax increment replacement amount determined under section 11 of this chapter.

As added by P.L.192-2002(ss), SEC.44.

IC 6-1.1-21.2-10

"Tax increment revenues" defined

Sec. 10. As used in this chapter, "tax increment revenues" means the property taxes attributable to the assessed value of property in excess of the base assessed value.

As added by P.L.192-2002(ss), SEC.44.

IC 6-1.1-21.2-11

Tax increment replacement amount; calculation

Sec. 11. (a) Not later than September 1 of a year in which a general reassessment does not become effective, the governing body shall estimate the tax increment replacement amount for each allocation area under the jurisdiction of the governing body for the next calendar year. In a year in which a general reassessment becomes effective, the department of local government finance may extend the deadline under this subsection by giving written notice to the governing body before the deadline.

(b) The tax increment replacement amount is the amount determined in STEP THREE of the following formula:

STEP ONE: The governing body shall estimate the amount of tax increment revenues it would receive in the next calendar year if the property tax replacement credits payable with respect to the general fund levies imposed by all school corporations with jurisdiction in the allocation area were determined under IC 6-1.1-21 as in effect on January 1, 2001.

STEP TWO: The governing body shall estimate the amount of tax increment revenues it will receive in the next calendar year after implementation of the increase in the property tax credits payable under IC 6-1.1-21, as amended by the general assembly in 2002, with respect to general fund levies imposed by all school corporations with jurisdiction in the allocation area.

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

As added by P.L.192-2002(ss), SEC.44. Amended by P.L.256-2003, SEC.25.

IC 6-1.1-21.2-12

Levy of tax; district

Sec. 12. (a) A tax is imposed each year on all taxable property in

the district in which the governing body exercises jurisdiction.

(b) Except as provided in subsections (c) and (d), the tax imposed under this section shall be automatically imposed at a rate sufficient to generate the tax increment replacement amount determined under section 11(b) of this chapter for that year.

(c) The legislative body of the unit that established the district may:

(1) reduce the amount of the tax to be levied under this section;
or

(2) determine that no tax should be levied under this section.

(d) This subsection applies to a district in which the total assessed value of all allocation areas in the district is greater than ten percent (10%) of the total assessed value of the district. Except as provided in section 14(d) of this chapter, a tax levy imposed under this section may not exceed the lesser of:

(1) the tax increment replacement amount; or

(2) the amount that will result from the imposition of a rate for the tax levy that the department of local government finance estimates will cause the total tax rate in the district to be one hundred ten percent (110%) of the rate that would apply if the tax levy authorized by this chapter were not imposed for the year.

As added by P.L.192-2002(ss), SEC.44.

IC 6-1.1-21.2-13

Appeals

Sec. 13. (a) A district described in section 12(d) of this chapter may appeal to the department of local government finance for a distribution from the property tax replacement fund if the district has imposed the maximum tax levy permissible under section 12(d) of this chapter.

(b) The maximum amount of distribution under this section may not exceed the amount determined by subtracting the amount of the tax levied under section 12(d) of this chapter from the tax increment replacement amount determined under section 11(b) of this chapter.

(c) An appeal under this section must be filed before September 20 of a year.

As added by P.L.192-2002(ss), SEC.44.

IC 6-1.1-21.2-14

Department of local government finance action on appeal; deadline for action; effect of approval or denial by department

Sec. 14. (a) The department of local government finance shall approve an appeal filed under section 13 of this chapter if the department determines that:

(1) the governing body's estimate of the tax replacement amount under section 11 of this chapter is reasonable;

(2) a tax levy in excess of the amount determined under section 12(d) of this chapter would:

(A) create a significant financial hardship on taxpayers

residing in the district in which the governing body exercises jurisdiction;

(B) significantly reduce the benefits from the increase in the property tax credits payable under IC 6-1.1-21, as amended by the general assembly in 2002, with respect to general fund levies imposed by all school corporations with jurisdiction in the district; or

(C) have a disproportionate impact on small businesses or low income families or individuals; and

(3) the governing body has made reasonable efforts to limit its use of the special fund for the allocation area to appropriations for payments of:

(A) the principal and interest on loans or bonds;

(B) lease rentals on leases;

(C) amounts due on other contractual obligations; and

(D) additional credits described in IC 8-22-3.5-10(a), IC 36-7-14-39.5(c), IC 36-7-14.5-12.5(d)(5), IC 36-7-15.1-26.5(e), IC 36-7-15.1-35(d), or IC 36-7-30-25(b)(2)(E).

(b) In a year in which a general reassessment does not become effective, the department of local government finance shall make a final determination on an appeal filed under this section by December 1 of the year. In a year in which a general reassessment becomes effective, the department may extend the deadline under this subsection by giving written notice to the appellant before the deadline.

(c) If the department approves an appeal filed under this section, it shall order a distribution from the property tax replacement fund in the amount determined under section 13(b) of this chapter in the same manner as distributions are made under IC 6-1.1-21-4.

(d) If the department denies an appeal filed under section 13 of this chapter, or does not grant the maximum permissible distribution under section 13(b) of this chapter, the legislative body of the unit that established the district may increase the levy imposed under this chapter to an amount that, when combined with any distribution received under this chapter, does not exceed the tax increment replacement amount.

As added by P.L.192-2002(ss), SEC.44. Amended by P.L.256-2003, SEC.26.

IC 6-1.1-21.2-15

Certification of levy; deposit and distribution of revenues

Sec. 15. (a) A tax levied under this chapter shall be certified by the department of local government finance to the auditor of the county in which the district is located and shall be:

(1) estimated and entered upon the tax duplicates by the county auditor; and

(2) collected and enforced by the county treasurer;

in the same manner as state and county taxes are estimated, entered, collected, and enforced.

(b) As the tax is collected by the county treasurer, it shall be transferred to the governing body and accumulated and kept in the special fund for the allocation area.

(c) A tax levied under this chapter:

(1) is exempt from the levy limitations imposed under IC 6-1.1-18.5; and

(2) is not subject to IC 6-1.1-20.

(d) A tax levied under this chapter and the use of revenues from a tax levied under this chapter by a governing body do not create a constitutional or statutory debt, pledge, or obligation of the governing body, the district, or any unit.

As added by P.L.192-2002(ss), SEC.44.